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Letter No. 2359

April 21, 1988

OUTLOOK FOR  
FISCAL 1988  
TRADE

U.S. agricultural exports in fiscal 1988 are forecast in value at \$32 billion 500 million...and in volume, at 142 million 500 thousand metric tons. This is a 16-percent rise in value and 10-percent rise in volume from last season, according to the U.S. Department of Agriculture. Most of the export volume gains are coming from bulk rather than high-value products. Wheat exports during 1987/88 are up more than 50 percent from last year's depressed total, to the largest since 1981/82. Corn exports are up about 10 percent, but world corn trade will continue marginally below last year's depressed level. U.S. soybean exports may grow about 4 percent.

SOVIET GRAIN  
IMPORTS,  
1987/88

The total Soviet grain imports in 1987/88 are likely to be the highest in 3 years, despite the 211-million-ton harvest this year in the USSR and a good crop last year also, according to the U.S. Department of Agriculture. The gain is primarily from larger wheat purchases. Aided by the Export Enhancement Program and the Soviet demand for milling-quality wheat, the U.S. share of Soviet import volume is likely to rise to about half this year, up from less than 1 percent in 1985/86.

SALES TO USSR

On April 19, private exporters reported to the U.S. Department of Agriculture the export sales of 100,000 metric tons of hard red winter wheat for delivery to the USSR during the 1988-89 marketing year, which begins June 1. Sales of wheat and corn to the USSR for delivery during the fifth year of the Long Term Grain Supply Agreement total 12,907,600 tons, of which wheat is 8,808,500 tons...and corn is 4,099,100 tons. In addition, sales of soybeans total 818,400 tons and sales of soybean meal total 1,300,000 tons.

PRICES FOR  
1988

According to a U.S. Department of Agriculture report of April 19, the prices received by farmers in 1988 will average about the same as last year, with higher crop prices offsetting lower livestock prices. Cash receipts will be a little higher than last year's \$134 billion, as crop increases more than offset livestock reductions. Net cash income is forecast at \$50-\$55 billion, down slightly from \$57 billion in 1987.

PURE CORN

The overall quality of corn is up significantly over the previous year, according to the U.S. Department of Agriculture. Forty-one percent of the samples in the 1987 new crop study graded as U.S. number one, compared to 34 percent in 1986.

WHEAT & CORN  
STOCKS DOWN

Crop prices are showing strength from smaller projected plantings, lower grain stocks, and increasing exports of bulk commodities, according to the U.S. Department of Agriculture. Wheat stocks on March 1 were down 15 percent from a year earlier, to 1 billion 900 million bushels, and they could fall to 1 billion 200 million by June 1. Corn stocks on March 1 were down 7 percent from a year earlier, to 17 billion 600 million bushels.

COMMENTS  
REQUESTED

The U.S. Department of Agriculture is asking for public comments on the percentage of reduction, if any, for an acreage reduction program for the 1989 crop of wheat. The Commodity Credit Corporation will announce a decision on any 1989 wheat program no later than June 1. CCC also requests comments on the program provisions that are common to the 1989 crops of wheat, feed grains, cotton and rice. The program details appear in the April 19 Federal Register. Comments must be received by May 16. Send comments to: Director, Commodity Analysis Division, USDA/ASCS, Room 3741-S, P.O. Box 2415, Washington, D.C. 20013.

FARMLAND VALUES  
UP 3 PERCENT

Farmland values are stronger in 1988 because of record farm income in 1987 and the subsiding of the farm financial difficulties of the early 1980's, according to the U.S. Department of Agriculture. After going down for 6 years, farmland values averaged \$564 per acre early this year, up 3 percent from last year, but one-third below the record \$823 in 1982. With inflation running at about 4 percent, the real value for 1988 is down 1 percent from 1987.

GOV'T PAYMENTS  
BOOST INCOME

U.S. farm income was record high in 1987, but was enhanced by Government payments equivalent to nearly 30 percent of net cash income, according to the U.S. Department of Agriculture. Farm real estate debt continued to fall, and the 1987 debt was about 20 percent below the 1983 peak. Interest rates on farm real estate loans averaged lower in 1987 than a year earlier, but rates edged slightly upward in late 1987. Credit for buying land remains available to qualified borrowers.

CANADA & U.S.  
TRADE

Canadian Minister of Agriculture John Wise and U.S. Sec'y of Agriculture Richard E. Lyng met in Washington on April 19, to consult on multilateral and bilateral agricultural issues. In discussing the Canada-U.S. Free Trade Agreement, they affirmed their support for the agreement which will provide benefits in agriculture to both countries. The agreement, which is expected to go into effect January 1, 1989, will gradually eliminate all tariffs between the two countries while addressing a broad range of non-tariff barriers that affect Canada-U.S. agricultural trade.

DELINQUENT  
FmHA LOANS

According to a report by the U.S. Department of Agriculture, nearly 33 percent of all FmHA farm loans and about 26 percent of the principal outstanding were delinquent on September 30, 1987. The slight 2.5-percent increase in the dollar amount of delinquent loans and 14,000 fewer problem loan cases at midyear indicate that FmHA's delinquency rates may have peaked. Nonetheless, FmHA remains behind other lenders in dealing with problem loan portfolios.



COWS RISE  
TO CHALLENGE

Milk production probably will rise 2 to 3 percent in 1988, reflecting stable cow numbers and increasing output per cow, according to the U.S. Department of Agriculture. Generally favorable price and income conditions may raise commercial use as much as 2 percent from a year earlier. Under the price support program, net removals are expected to total 7 to 9 billion pounds milk equivalent, in 1988. That's up from 6 billion 700 million in 1987.

HOGS & POULTRY  
UP...BEEF TO  
DECLINE

According to the U.S. Department of Agriculture, livestock prices, especially hogs, are under pressure from increased supplies of red meat and poultry. Hog producers continue to expand output at a modest pace and hog inventories are up. Broiler output may climb 5 percent this year and turkey, 10 percent. However, beef production is expected to decline about 4 percent.

FROM OUR RADIO  
SERVICE

AGRICULTURE USA #1612...(Weekly 13½ min documentary) On this edition of AGRICULTURE USA, George Holmes talks with home economist Margaret Ordonez about how to escape the wardrobe blues.

AGRITAPE/FARM PROGRAM REPORT #1600...(Weekly reel of news features) USDA news highlights; 1989 farm programs; Crop insurance update; Ag Outlook update; A new beef study.

CONSUMER TIME #1092...(Weekly reel of 2½-3 min features) How to store your clothes for the summer; Bug proofing your clothes; Summer based businesses; Breast fed babies; Beef--a lowfat food?

USDA RADIO NEWS SERVICE...Tues, May 3, Weekly weather and crop outlook; Thurs, May 5, Livestock and poultry outlook; Fri, May 6, Dairy products report; Tues, May 10, Weekly weather and crop outlook, U.S. crop production report; Soviet grain outlook; World supply and demand. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

TELEVISION SERVICE programs, A BETTER WAY, DOWN TO EARTH, AGRICULTURAL UPDATE and SATELLITE NEWS are available on satellite Westar IV, audio 6.2 or 6.8 as follows:

Thursdays....AG UPDATE/SATELLITE NEWS, 7:30-7:45 p.m. ET.....Transponder 12D

Saturdays....A BETTER WAY, 10:00-10:30 a.m. ET.....Transponder 9X

ORIGINAL DOWN TO EARTH, 10:30-11:00 a.m. ET....Transponder 9X

UPLINK SATELLITE NEWS/AG UPDATE, 11:00-11:15 a.m. ET.....Transponder 9X

Mondays.....A BETTER WAY, 8:00-8:30 a.m. ET.....Transponder 12D

REPEAT DOWN TO EARTH, 8:30-9:00 a.m. ET....Transponder 12D

UPLINK SATELLITE NEWS/AG UPDATE, 9:00-9:15 a.m. ET.....Transponder 12D

A BETTER WAY is also available on The Learning Channel SATCOM 3R, Transponder 2, Audio 6.8 each Thursday at 10:30 a.m. ET.

OFF MIKE

After 20 years as a farm broadcaster, Bruce Lease is leaving KWOA, Worthington, MN, to run for office as State representative. He's also developing a farm management and real estate business. Don Wick, formerly with the Ag-Com Farm Net in Marshall, MN, becomes Farm Director of KWOA on June 1...Bob Middendorf, formerly with KDTH, Dubuque, IA, is now Farm Director at WDBQ, Dubuque...Our Vic Powell attended the NAFB Western Regional meeting in Reno. He reports that three proposals were aired for the first time regarding improving association income to finance its activities. Mark Vail, Kansas Ag. Network, is heading the effort. The proposals will be presented for comment at each regional meeting. Vic reports the bus tour of old time Virginia City and the Reno Livestock Events Center was a real pleasure.

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We hear that Russell Pierson, ex-WKY, Oklahoma City, has been inducted into the Oklahoma State Univ. Hall of Fame. Our congratulations!...We've also heard that Bob Ziegler, WIMA, Lima, OH, NAFB NE regional VP, sent announcements of the May 13-15 meeting along with provocative (?) drawings of livestock, requesting creative captions. At least one recipient wants to know what the prize is before he sets his creative mind to work.

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